

EXHIBIT 1

Deposition of Steven R. Verduyn, 4/6/2005

1 UNITED STATES DISTRICT COURT

2 DISTRICT OF MASSACHUSETTS

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4 CYCLE-CRAFT CO., INC., d/b/a
5 BOSTON HARLEY-DAVIDSON/BUELL,

6 Plaintiff,

7 vs.

Civil Action No. 04 11402 NMG

8 HARLEY-DAVIDSON MOTOR COMPANY, INC.
9 and BUELL DISTRIBUTION COMPANY, LLC,

10 Defendants.
11 -----

12 Video Deposition of STEVEN R. VERDUYN

13 Wednesday, April 6th, 2005

14 10:09 a.m.

15 at

16 GRAMANN REPORTING, LTD.
17 710 North Plankinton Avenue, Suite 710
18 Milwaukee, Wisconsin

19
20 Reported by Sarah A. Reinicke, RPR/RMR/CRR
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1 this category where you found a sales file but not a
2 sales file indicating the sale to the employee?

3 A Approximately a dozen.

4 Q And did you explain this to Mr. Bucbaum?

5 A Yes.

6 Q And what did he say?

7 A He had said, "Well, let me tell you how that
8 happened." And he went on to give his response about
9 the circumstances on why we didn't find any sales
10 jackets for employees or family members.

11 Q And what did he say?

12 A He had said that on the end of the model year, that
13 they had a lot of vehicle inventory in stock. And he
14 called together a meeting of all his employees that
15 were apparently there and working at the time and
16 said, "Listen, we've got all these motorcycles. We
17 need to get them sold. It's for our turn and earn
18 with the factory. And for any employee that's
19 interested, I will sell you a motorcycle for" -- I
20 believe he had said it's \$500 over cost. And I don't
21 remember the specific dollar amount, but it was
22 certainly well below a normal retail sale price.

23 And he said that the response from his
24 employees was overwhelming and that all these
25 employees that I couldn't find sales on -- or sales

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1 just as a part of the building of the background on
2 what led to the audit itself.

3 Q What did you say about the building?

4 A Just that it had been -- he had told us that it had
5 been a run-down industrial or paint company or some
6 kind of a manufacturing company, dirty, rundown and
7 that they had built this large, beautiful building on
8 that site.

9 Q Did you agree that it was a large, beautiful
10 building?

11 A I would agree that it was large. I guess beauty is
12 in the eye of the beholder.

13 Q Well, how about in your eye? You've seen a lot of
14 dealerships, I assume.

15 A I have. It was nice, and it was clean, but it was
16 not one of the most beautiful dealerships I've been
17 in.

18 Q Was there any discussion in the meeting about what
19 sanction, should be -- if any, should be imposed upon
20 Cycle-Craft?

21 MR. BERKOWITZ: You can answer yes or no.

22 THE WITNESS: Yes.

23 BY MR. REHNQUIST:

24 Q What was that discussion?

25 MR. BERKOWITZ: Was counsel involved in

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1 that discussion?

2 THE WITNESS: Yes.

3 MR. BERKOWITZ: I instruct you not to
4 answer.

5 BY MR. REHNQUIST:

6 Q Was there any discussion in the meeting of any
7 sanction other than termination?

8 MR. BERKOWITZ: Was counsel involved in
9 that discussion?

10 THE WITNESS: Counsel was involved.

11 MR. BERKOWITZ: I instruct you not to
12 answer.

13 BY MR. REHNQUIST:

14 Q Was there any discussion in the meeting of
15 Harley-Davidson's history of enforcement of the
16 nonretail sales policy?

17 A Not that I can recall.

18 Q Was there any discussion of sanctions that had been
19 given to other dealers for violations of the
20 nonretail sales policy?

21 A Again, not that I recall.

22 MR. BERKOWITZ: We've been going about an
23 hour and 20 minutes. Whenever you can give us a
24 break.

25 MR. REHNQUIST: Yeah, I'm finishing a line

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1 here.

2 Q Was a decision reached on what sanction to impose on
3 Cycle-Craft in this meeting?

4 A I believe so, to the best of my recollection.

5 Q And is that the same -- is that the same sanction
6 that was ultimately imposed when the termination
7 letter was sent on April 20th?

8 A That's correct.

9 Q Did you have any follow-up conversations or
10 discussions with anyone after the meeting regarding
11 the sanction to be imposed on Cycle-Craft?

12 A Yes.

13 Q With whom?

14 A Counsel.

15 Q Were there subsequent meetings after this one big
16 meeting that had several attendees before the
17 termination letter was sent?

18 A There may have been, but I don't recall being a
19 participant or an invitee personally.

20 Q How many subsequent discussions did you have with
21 counsel? Let me ask this: Did you have more than
22 one discussion with counsel after the meeting before
23 the termination letter was sent?

24 A Probably.

25 Q How many do you recall?